

**QUARTERLY REPORT
CONCERNING
MTBE USE IN
CALIFORNIA GASOLINE**

January 1 through March 31, 2000

Report to the Legislature

STAFF REPORT

MAY 2000
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Gray Davis, Governor

**Quarterly Report
Concerning
MTBE Use in California Gasoline
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Background

SB 1001 (Burton; Chapter 814, Statutes of 1999) requires the Commission to prepare a quarterly report on the use of methyl tertiary butyl ether (MTBE) in California gasoline. This report summarizes the amount of MTBE each refinery in California used during the preceding quarter — January through March 2000. The amount of MTBE reported in this document is the quantity blended at each refinery location for use in the production of California Reformulated Gasoline (CaRFG) and intended for sale in the state. The numbers do not include any MTBE used at a refinery location for the production of any type of gasoline intended for sale outside the state. In addition, a number of small refineries operating in the state are not included in this report because they do not produce gasoline.

MTBE is a compound that contains oxygen and is referred to as an oxygenate. Ethanol and tertiary amyl methyl ether are two other oxygenates currently being used in California's gasoline, but in significantly smaller volumes than those of MTBE. Federal law requires California refiners to use a minimum amount of oxygen in all reformulated gasoline sold in severe and extreme ozone-nonattainment regions of the state.

The California Air Resources Board adopted reformulated-gasoline regulations which enable refiners to produce fully complying gasoline without the use of any oxygenates. Thus, if the Federal minimum-oxygen requirement were eliminated, California refiners would be able to reduce the volume of MTBE blended into gasoline. However, until they complete refinery modifications, refiners will likely still need some MTBE to help them meet desired octane levels in premium grades of gasoline and, in reduced quantities in other grades, to help achieve compliance with California reformulated-gasoline specifications.

First Quarter 2000 Results

The use of MTBE by refiners in California totaled 8,704,000 barrels during the first quarter of 2000. This sum represents approximately 96-thousand barrels per day of MTBE or about 4.0 million gallons per day. The following table shows the use of MTBE by each refinery in California. This first quarterly report does not show MTBE use by refinery location for the previous quarter because the initial reporting period for refiners began on January 1, 2000. The next report will compare changes between the first and second quarters.

Note that the actual volume of pure MTBE is less than the totals reported here. Purity of MTBE varies depending on the source. Approximately 85 percent of the MTBE used by California refiners is imported and its quality is normally 95 percent pure MTBE with 5 percent impurities in the form of other hydrocarbons. The other source of MTBE originates from production facilities located within some of the refineries. The purity of this MTBE is normally lower than that of the imported MTBE.

California MTBE Use By Refinery Location

Refiner	California Location	MTBE Use This Quarter 1 st Qtr – 2000 (Thous. of Barrels)	MTBE Use Previous Quarter 4 th Qtr – 1999 (Thous. of Barrels)	Change From Previous Quarter (Percent)
BP Amoco ¹	Carson	1,902	NR	NA
Chevron	El Segundo	1,066	NR	NA
Chevron	Richmond	262	NR	NA
Equilon ²	Bakersfield	220	NR	NA
Equilon ³	Los Angeles	564	NR	NA
Equilon ⁴	Martinez	648	NR	NA
Exxon-Mobil ⁵	Benicia	1,112	NR	NA
Exxon-Mobil	Torrance	668	NR	NA
Kern Oil	Bakersfield	89	NR	NA
Tosco	Avon	315	NR	NA
Tosco	Los Angeles	778	NR	NA
Tosco	Rodeo	235	NR	NA
UDS ⁶	Wilmington	845	NR	NA
State Refinery Totals		8,704	NR	NA

NR = Not Required to submit for this quarter.

NA = Not Applicable

¹ Formerly known as the ARCO – Carson refinery prior to the merger between BP Amoco and ARCO.

² Formerly known as the Texaco – Bakersfield refinery prior to the merger between Texaco and Shell.

³ Formerly known as the Texaco – Los Angeles refinery prior to the merger between Texaco and Shell.

⁴ Formerly known as the Shell – Martinez refinery prior to the merger between Texaco and Shell.

⁵ Company name will change to Valero following approval of the sale of the Benicia refinery to the Valero Energy Company.

⁶ Ultramar Diamond Shamrock